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BEFORE THE ARIZONA CORPORATION COMMISSION

KRISTIN K. MAYES
Chairman
GARY PIERCE
Commissioner
PAUL NEWMAN
Commissioner
SANDRA D. KENNEDY
Commissioner
BOB STUMP
Commissioner

Arizona Corporation Commission
DOCKETED

AUG 06 2009

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IN THE MATTER OF THE APPLICATION
OF TUCSON ELECTRIC POWER
COMPANY FOR APPROVAL OF ITS BILL
ESTIMATION METHODOLOGIES TARIFF

DOCKET NOS. E-01933A-07-0402
E-01933A-05-0650

DECISION NO. 71233

ORDER

Open Meeting
July 28 and 29, 2009
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. Tucson Electric Power Company ("TEP" or "Company") is certificated to provide electric service as a public service corporation in the State of Arizona.

2. On March 2, 2009, TEP filed an application for approval of its Bill Estimation Methodologies tariff in compliance with Decision No. 70628 and Section 18.1 of the 2008 Rate Settlement Agreement.

3. A utility needs to estimate a customer's usage when it cannot obtain a complete and valid meter read. For example, it may be impossible to obtain a meter read as a result of the customer not providing access to the meter, the meter being broken, or adverse weather conditions. A bill estimation tariff describes the methodologies that the utility uses to estimate the meter read so that the monthly bill can be calculated.

4. On June 30, 2009, the Commission approved a nearly identical bill estimation tariff proposed by UNS Electric, Inc. in Decision No. 71171 (Docket No. E-04204A-06-0783). As such,

Staff's questions regarding TEP's proposed bill estimation methodologies, "TREND" procedures and the alignment of TEP's proposed bill estimation protocols with the protocols contained in Arizona Administrative Code ("A.A.C.") R14-2-210 have been answered to Staff's satisfaction. Accordingly, Staff recommends Commission approval of TEP's proposed Bill Estimation Methodologies tariff. Staff's recommendations are discussed in more detail below.

Commission Decision No. 70628

5. Decision No. 70628 (page 49, lines. 8-11) and the 2008 Rate Settlement Agreement (Section 18.1, Item d) attached to Decision No. 70628 as Exhibit A, require TEP to file a Bill Estimation Tariff that explicitly describes its usage estimation methodologies. TEP's proposed bill estimation procedures include, but are not limited to, methodologies for estimating energy usage (kWh) and demand usage (kW) under varying historic and customer status conditions. The following table summarizes TEP's proposed bill estimation methodologies:

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TEP Bill Estimation Methodologies
(when actual meter reads are unattainable)

Historical Meter Reading Conditions	kWh Method*	kW Method	TOU Method*
At least one year history, same customer at same premise	Same month, previous year	Same as kWh	Same as kWh
At least one year history, new customer at same premise	Customer Information System ("CIS") generates Trend estimated usage (**see below for more details)	Same year, previous month	Same as kWh
Less than one year history, same customer at same premise	same year, previous month; or, CIS Trend estimated usage	Same year, previous month	Same as kWh
Less than one year history, new customer at same premise	CIS Trend estimated usage	Same year, previous month	Same as kWh
No historical meter reading data	TEP must obtain valid meter reads before rendering estimated previous and current actual billings	Same as kWh	Same as kWh

*Estimated energy usage is the product of (historical average daily usage) x (calendar days in current month) or CIS-generated Trend estimates (**see below for more details). Time-of-use (TOU) on and off-peak usage proportions are derived from historical data.

**CIS-Generated Consumption Using Trend Methodologies

1. Customers are grouped by geographic areas to identify changes in average usage levels associated with geographic locations.
2. Customers are assigned to Trend rate classes (i.e. residential, commercial or Industrial) to identify changes in average usage levels associated with respective rate classes.
3. All consumption is identified by usage codes (i.e. kWh, kW or TOU).
4. Consumption trends are identified by comparing usage from three prior bill cycles to the same cycle in the previous month. This trend, plus a tolerance, is used to create a usage amount for bill estimation.
5. The estimated consumption for a customer is defined by TEP as follows:

$$[A / B] \times [C]$$

Where:

A = Customer's usage in a previous period

B = Average customer's usage in a previous period

C = Average customer's usage in the current period

Staff's Recommendations

6. Staff reviewed TEP's proposed bill estimation methodologies as summarized in the above table and concluded that they are appropriate.

7. Staff has recommended approval of TEP's Bill Estimation Methodologies tariff as filed.

8. Furthermore, Staff concluded that estimating energy usage using TEP's Trend methodologies produces billing determinants (kWhs) that are in conformance with the requirements contained in A.A.C. R14-2-210.

9. Staff has recommended that TEP implement the Bill Estimation Methodologies tariff, as approved, effective as soon as is practicable, but no later than August 31, 2009. The

1 Company should docket, as a compliance item in this matter, a letter within 15 days of
2 implementation stating that the implementation is complete.

3 10. In addition, Staff has recommended that TEP file tariff pages for the approved Bill
4 Estimation Methodologies tariff consistent with the decision in this matter within 15 days from the
5 effective date of the decision.

6 CONCLUSIONS OF LAW

7 1. Tucson Electric Power Company is a public service corporation within the meaning
8 of Article XV, Section 2, of the Arizona Constitution.

9 2. The Commission has jurisdiction over Tucson Electric Power Company and the
10 subject matter of the Application.

11 3. Approval of the Tucson Electric Power Company proposed Bill Estimation
12 Methodologies tariff does not constitute a rate increase as contemplated by Arizona Revised
13 Statutes § 40-250.

14 4. The Commission, having reviewed the Application and Staff's Memorandum dated
15 July 15, 2009, concludes that it is in the public interest to approve the Tucson Electric Power
16 Company proposed Bill Estimation Methodologies tariff, as discussed herein.

17 ORDER

18 IT IS THEREFORE ORDERED that the Tucson Electric Power Company proposed Bill
19 Estimation Methodologies tariff, as discussed herein, be and hereby is approved.

20 IT IS FURTHER ORDERED that Tucson Electric Power Company implement the Bill
21 Estimation Methodologies tariff, as approved, effective as soon as is practicable, but no later than
22 August 31, 2009, and Tucson Electric Power Company shall docket, as a compliance item in this
23 matter, a letter within 15 days of implementation stating that the implementation is complete.

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1 IT IS FURTHER ORDERED that Tucson Electric Power Company shall file tariff pages
2 for the approved Bill Estimation Methodologies tariff consistent with the Decision in this matter
3 within 15 days from the effective date of the Decision.

4 IT IS FURTHER ORDERED that this Decision shall become effective immediately.

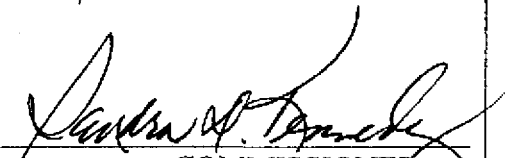
5
6 **BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION**

7 
8 CHAIRMAN

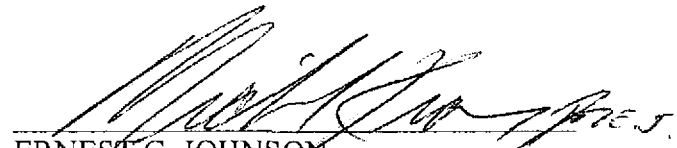

COMMISSIONER

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11 COMMISSIONER


COMMISSIONER


COMMISSIONER

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13 IN WITNESS WHEREOF, I, ERNEST G. JOHNSON,
14 Executive Director of the Arizona Corporation Commission,
15 have hereunto, set my hand and caused the official seal of this
16 Commission to be affixed at the Capitol, in the City of
17 Phoenix, this 6TH day of AUGUST, 2009.

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19 ERNEST G. JOHNSON
20 EXECUTIVE DIRECTOR

21 DISSENT: _____

22 DISSENT: _____

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DOCKET NOS. E-01933A-07-0402 and E-01933A-05-0650

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